HOUSING SOLUTIONS DEVELOPING COMMUNITIES

Northwest Territories Housing Corporation

ANNUAL REPORT 2007-2008

PHOTO FROM NNSL ARCHIVE

TABLE OF CONTENTS

INTRODUCTION 3

MESSAGE FROM THE MINISTER 4

MESSAGE FROM THE PRESIDENT & CEO 5

CORPORATE PROFILE 6-7

CORPORATE STRUCTURE 8-10

CORPORATE INITIATIVES 11

Framework for Action 11

Program Consolidation 12

Office of the Auditor General – Performance Audit Outcomes 13

Corporate Renewal and Reorganization 14

Contributing to the self-reliance of clients 14

Improving Energy Efficiency 15

Focus on technical and maintenance needs 16

Support for Apprentices 16

BAILEY HOUSE – BUILDING ON THE STRENGTH OF PARTNERSHIPS 17

Staff Profile – Paulette *Doucet* 18

District Office Profile – Sahtu 19

Divisional Profile – Strategic Planning, Policy and Communications 20

2007-2008 Long Service Award Recipients 20

Financial Statements ..... Appendix A

INTRODUCTION

HOUSING SOLUTIONS - DEVELOPING COMMUNITIES

During 2007/2008, the Northwest Territories Housing Corporation was successful in increasing the amount of affordable housing throughout the Northwest Territories. The Corporation also specifically targeted the need for new transitional housing as well as housing for seniors and persons with disabilities. These projects in particular relied on the forging of partnerships with communities and non-governmental organizations.

As the Northwest Territories experiences an increased demand for housing due to resource development and demographic changes, the Corporation must continue to be successful in increasing the amount of available housing.

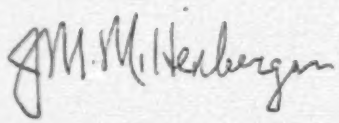
Through the construction of new homeownership units and the replacement of older public housing stock with new, more energy-efficient units, the Corporation is adapting and responding with different approaches and new solutions that reflect the needs of residents of the Northwest Territories.

The Honourable Anthony W.J. Whitford, Commissioner
Government of the Northwest Territories

Dear Sir,

I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period of April 1, 2007 to March 31, 2008.

Respectfully submitted,



Honourable J. Michael Miltenberger
Minister Responsible for the Northwest Territories Housing Corporation

Message from the Minister

The Honourable Michael Miltenberger, Minister Responsible for the Northwest Territories Housing Corporation

The activities of the Northwest Territories Housing Corporation during the 2007-2008 fiscal year are appropriately reflected in the theme of this Annual Report, "Housing Solutions - Developing Communities".

Through the delivery of its housing programs, the Northwest Territories Housing Corporation is playing an important part in the Government of the Northwest Territories' efforts to reduce the cost of living, to create sustainable and vibrant communities, and to secure the future of Northwest Territories (NWT) residents. With the delivery of homeownership and repair programs, subsidized rental housing and the economic benefits that housing activity has created, it is clear than many households and communities in the Northwest Territories have benefited from the work of the Corporation.

Housing conditions have improved greatly in recent years and the Northwest Territories continues to address housing challenges not faced by many of its neighbours in Southern Canada. The rising costs of material and labour, coupled with continuing reductions in funding for operations and maintenance being provided by the Government of Canada continue to challenge the Corporation to refine programs and seek operational efficiencies. The delivery of housing is also greatly impacted by the unique climate and geography of our territory, which poses significant challenges in terms of the cost to transport materials to remote communities and the additional demands on energy as a result of a long winter season.

Now more than ever, housing solutions in the NWT must be developed at the community level. In recent years, local tailor-made projects such as Bailey House in Yellowknife and Whispering Willows in Hay River have exemplified the contribution that communities can make in providing their own housing solutions through partnerships.

I am pleased that the Corporation has developed its *Framework for Action 2008-2011*. As we implement many of the activities outlined in the *Framework for Action* in the years to come, the Corporation will continue to work closely with Local Housing Organizations and communities, non-governmental organizations, members of the general public and other government departments and agencies.

The *Framework for Action* is the roadmap that will chart our progress over the next four years in delivering on the housing goals of the Corporation, and contribute to securing the future of the NWT. The involvement and support of residents of the NWT is critical to ensure that the Corporation is meeting its responsibilities and that residents have a clear understanding of how housing actively contributes to building a strong and independent north. I encourage residents of the NWT to continue to work with officials at the Corporation to improve housing conditions that help to build sustainable and vibrant communities.

Message from the President/CEO

Jeff Polakoff, President and CEO of the Northwest Territories Housing Corporation

The 2007-2008 fiscal year was one of intense review and activity at the Northwest Territories Housing Corporation (NWTHC). The development of *Framework for Action 2008-2011* is the culmination of an effort to rejuvenate and reshape the Corporation in order to meet its goals and objectives more effectively. Through the *Framework for Action*, the Corporation is focused on utilizing the recommendations of the Auditor General of Canada and using them as a guide during this period of corporate renewal. The *Framework for Action* was developed to renew and refocus the time and money spent on Corporate initiatives. This process is designed to better inform members of the public and NWTHC partners at all levels of government of corporate activities and initiatives. It is also designed to build on the Corporation's mandate to ensure that there is an adequate supply of affordable housing in all communities.

Capital delivery through the three-year Affordable Housing Initiative continues to be one of the Corporation's primary goals. The Corporation has just completed the second year of the delivery of this initiative, the biggest capital investment program in the recent history of the Corporation. Through the Affordable Housing Initiative, an equally funded partnership with the Government of Canada, the Corporation has been able to improve housing conditions through new construction and to reduce core housing need, to replace older inefficient public housing units with new energy efficient single family and multi-unit buildings, and to work with communities on housing delivery and building lot requirements.

In order to improve corporate performance and to ensure that our goals and objectives are achievable, the NWTHC undertook a reorganization in early 2008. The NWTHC's new structure supports the future direction of the organization and is designed to concentrate on a more client-focused and service-oriented approach. This change in structure facilitates an alignment of the NWTHC's business activities to improve communication and coordination and promote strategic linkages between and within the functional areas of the organization to better serve NWT residents. These changes will also ensure that the NWTHC is better able to move forward in addressing housing challenges and building upon the progress that has and continues to be made through initiatives such as the Affordable Housing Initiative, the new *Housing Choices* programs, strategic planning and processes and improved partnerships.

Partnerships will continue to play an important role in the Corporation's efforts to provide housing to our residents. In addition to providing access to affordable, adequate and suitable housing and to fostering partnerships, the Corporation seeks to deliver housing solutions that promote the long-term sustainability of the existing housing stock, that improve energy efficiency and reduce environmental impacts, that secure and protect our investments, that contribute to safe, healthy and sustainable communities and that provide training opportunities in housing construction. I would like to thank the Corporations' staff and partners for all of their hard work, as together we strive to meet the goals of the Corporation, and for their dedicated service to improving the lives of NWT residents.

We, at the Corporation, are looking forward to delivering the Corporation's programs in the year ahead in cooperation with our community partners, to new approaches and community cooperation, all of which are essential to find housing solutions and support community planning and house construction that meet community needs.

Corporate Profile

Northwest Territories Housing Corporation vision, mission, goals , guiding principles

OUR VISION

The Northwest Territories Housing Corporation is committed to providing opportunities for communities to become accountable for their own choices and housing. By working together, opportunities are provided for community residents to have homes that support a healthy, secure, independent and dignified lifestyle.

OUR MISSION

The mission of the Northwest Territories Housing Corporation is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate and suitable housing stock to meet the housing needs of Northwest Territories residents.

OUR GOALS

The long-term goals of the Northwest Territories Housing Corporation (NWTHC) support the goals set out by the 16th Legislative Assembly in its strategic plan "Northerners Working Together":

1. Increased supply of suitable and affordable housing stock in communities to meet the housing needs of NWT residents;

2. Sufficient land is acquired and developed for the purpose of providing affordable housing in all communities;

3. Homeownership programs and services that provide access for eligible clients and ensure Housing Corporation assets are secure and protected;

4. Long term sustainability and energy efficiency of the housing stock; and

5. Greater personal responsibility for housing through community based training and support and strengthened collection policies and procedures.

GUIDING PRINCIPLES

In addition to our Corporate Vision, Mission and Goals, the *Framework for Action 2008-2011* sets out the following guiding principles:

- All residents of the Northwest Territories should have access to housing that they can afford, that is of suitable quality, and that is adequate to meet their individual shelter needs.
- Housing should be a key component in the development of safe, healthy and sustainable Northern communities.
- Programs and services delivered by the NWTHC should provide easy access for clients and promote greater personal responsibility for housing through community based training and support.
- Public funds designated for housing should be used in a manner that ensures the security of investments made, maximizes available resources, and balances affordability with the utilization of local labour and materials.
- Housing should be constructed in a manner which meets all national and territorial construction standards, maximizes energy efficiency, minimizes environmental impact, and contributes to lowering the cost of living.
- The Northwest Territories Housing Corporation should clearly communicate with stakeholders, and ensure that the input and views of stakeholders are heard and are acted upon.

NWTHC PHOTO

Gameti, NWT

Corporate Structure

The Northwest Territories Housing Corporation utilizes a broad network of staff to deliver its services to NWT residents.

Executive

The Executive provides overall management direction to the Northwest Territories Housing Corporation staff and collaborates with other Government of the Northwest Territories departments and agencies in achieving the broad goals and objectives of the GNWT and to find interdepartmental solutions to the issues facing Northerners. It provides an essential coordinating function in strategic planning, policy development and in the development of operational guidelines on the business of the Corporation. In addition, the Executive is also responsible for providing support to the Minister Responsible for the Northwest Territories Housing Corporation and to ensure the Corporation meets the requirements of the Legislative Assembly.

The Strategic Planning, Policy and Communications Branch of the Corporation's Executive provides long-term strategic direction and planning for the Corporation and is responsible for representing the Corporation at the Federal/Provincial/Territorial level, on interdepartmental working groups and other committees. This Branch is also responsible for strategic and business planning, policy development, self-government and land claims coordination, qualitative and quantitative research, and internal/external communications.

Finance and Infrastructure Services

Finance and Infrastructure Services, coordinates financial services, capital planning, lot development and infrastructure to support the delivery of the Corporation's Infrastructure Acquisition Plan.

The Finance and Administration Branch is responsible for the overall financial affairs of the Housing Corporation and its Local Housing Organizations. This includes financial planning, the provision of accounting services, reporting and monitoring, treasury services, mortgage and debt administration, and providing financial advice to senior management and stakeholders. This Division is also responsible for the Corporation's Information Systems and Information Management as well as asset management.

The Infrastructure Services Division is responsible for the overall development, design and procurement, planning and delivery for capital infrastructure projects in support of the Corporation's rental and homeownership programs. This Division is also responsible for forecasting and acquiring properly tendered land, lot development and land administration related to new construction and lands occupied by the Corporation assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the Corporation's public housing portfolio in order to ensure its long term sustainability.

Programs and District Operations

Programs and District Operations provides corporate support to the Corporation's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, evaluation and delivery of programs and initiatives that optimize the Corporation's responsiveness to NWT housing needs, and to ensure a consistent approach to program delivery and implementation.

The Division works to develop cost effective housing programs and initiatives designed to reduce affordability, suitability and adequacy problems and encourage residents and communities to become self-reliant to meet their housing needs.

The Division is responsible for providing support and services to District offices as well as Local Housing Organizations. It serves a critical role in ensuring that local input into housing delivery is balanced by policy and programs developed to ensure consistent application across the Territory.

The five District offices provide housing support to communities through program and service delivery. District Offices are responsible for the administration of District capital activities and program delivery. District Offices also play a pivotal role in lands acquisition and lot development, maintenance, and training, and work closely with external stakeholders at the community level. District Offices work closely with Local Housing Organizations and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs.

District Offices and Communities Served

Northwest Territories Housing Corporation five regional districts and the communities they serve

Beaufort Delta District Office	Sahtu District Office	North Slave District Office	Nahendeh District Office	South Slave District Office
Communities served include:	**Communities served include:**	**Communities served include:**	**Communities served include:**	**Communities served include:**
Aklavik	Déline	Behchokò	Fort Simpson	Fort Providence
Fort McPherson	Norman Wells	Whatì	Fort Liard	Fort Smith
Ulukhaktok	Tulita	Yellowknife	Wrigley	Hay River
Inuvik	Colville Lake	Detah	Jean Marie River	Katlodeeche First Nation
Paulatuk	Fort Good Hope	Ndilo	Nahanni Butte	Lutselk'e
Sachs Harbour		Gamètì	Trout Lake	Fort Resolution
Tsiigehtchic		Wekweètì		Enterprise
Tuktoyaktuk				Kakisa

Local Housing Organizations

As part of the Corporation's structure, Local Housing Organizations (LHOs) are the link between the Corporation, the communities and the residents we serve. As part of our network, LHOs act as agents of the Corporation ensuring that local input is gathered and solutions are identified based on unique community needs.

The structure of a LHO consists of a LHO board elected by the community it serves or appointed by the Minister, a housing manager who runs the operations of the LHO and the staff that work with the housing manager to administer the Corporation's public housing portfolio. Through the dedication and commitment of our LHOs we are able to remain responsive to the communities and residents we serve.

Corporate Initiatives

Reducing Core Need across the Northwest Territories by investing in affordable housing initiatives

In 2006, the Northwest Territories Housing Corporation (NWTHC) and the Government of Canada announced a three-year strategy to deliver affordable housing. This strategy is known as the Affordable Housing Initiative (AHI). The funding for the AHI consists of a federal contribution of $50 million from the Northern Housing Trust, along with an additional $50 million funded by the Government of the Northwest Territories. The 2007-2008 fiscal year was Year 2 of AHI delivery.

In the original 3-year AHI allocation, 530 units were allocated to be built during the 2006-2009 delivery cycle. The original allocations were based on the needs identified in the 2004 NWT Community Needs Survey as well as estimated construction costs for the three-year delivery period. The AHI is driven by a core housing need of 16% across the territory, with over 20 communities facing core need in excess of 30%.

Attaining the original AHI allocations has been impacted by lack of suitable lands and lack of land tenure within communities, a shortage of qualified contractors, and the escalating cost for materials and labour. Nevertheless, at the end of the second year of delivery, 279 units were completed or substantially completed (80-100%) and 42 units were under construction, for a total of 321 units.

The Corporation and the Department of Municipal and Community Affairs (MACA) continue to work jointly to identify land and make it available for housing delivery in the 2007/08 and 2008/09 construction seasons, by:

- Using available suitable building lots on Commissioners Land and Municipal land first;
- Acquiring and developing building lots in communities where they are needed, and;
- Considering innovative ideas for house construction and land development with communities, Aboriginal organizations and with Development Corporations.

New lot applications are prepared in partnership with MACA, Indian and Northern Affairs Canada (INAC) and communities.

Framework for Action

The Northwest Territories Housing Corporation continues to implement activities to improve its overall strategic planning. In 2007-08, the Corporation developed a *Framework for Action* that identifies the strategic actions required over the next four years, 2008-2011, in order for the Corporation to deliver on its mandate and address the housing expectations of the GNWT and residents.

The *Framework for Action* will:

- renew and focus the time and money spent on housing initiatives;
- inform and engage members of the public, and partners at all levels of government, to become better informed of housing initiatives in order to assist them in their involvement; and,
- build on the Corporation's mandate to ensure that there is an adequate supply of affordable housing in all communities.

Program Consolidation

In April of 2007, in response to the desire of our clients and other stakeholders for a simplified program structure, the Northwest Territories Housing Corporation introduced *Housing Choices*. *Housing Choices* is a new program suite designed to simplify the program structure for clients, broaden and improve access to programs for residents, reduce barriers and promote self-reliance for shelter in communities.

The consolidation of 14 existing homeownership programs into four programs allows for more flexible delivery options, is more accessible to NWT residents and continues to meet the needs of special interest groups such as seniors and persons with disabilities. The four programs are:

STEP (Solutions To Educate People) provides participants with education and counseling assistance consisting of four courses designed to prepare them for the requirements of homeownership. STEP aims to increase homeownership applicants' financial skills as well as their knowledge of the home purchase process and basic home maintenance repairs.

HELP (Homeownership Entry Level Program) is a transitional lease program which provides assistance to prospective first-time homebuyers. Clients who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity of experiencing homeownership commitments before purchasing a home.

PATH (Providing Assistance for Territorial Homeownership) allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources.

CARE (Contributing Assistance for Repairs and Enhancements) is the Corporation's sole repair program. CARE enables existing homeowners to make necessary repairs to their home to ensure a safe and healthy residence and to increase the useful economic life of their home. CARE encompasses the successful aspects of the previous repair programs while introducing new criteria that make the program more accessible to NWT residents.

Housing Choices was launched February 12, 2007 and the programs were fully operational as of April 1, 2007. In addition to providing the *Housing Choices* programs, the Corporation continues to maintain and manage the existing portfolio that consists of clients who received assistance from programs that are now discontinued. The Corporation also continues to deliver Canada Mortgage and Housing Corporation repair programs under the Social Housing Agreement signed in 1997.

In order to ensure that programs continue to be responsive to the needs of clients, a *Housing Choices* Program Review and Evaluation Committee has been established to ensure that program procedures are as effective as possible and any potential changes required following implementation are identified and evaluated for future adoption.

PHOTO BY MEL LAFFERTY

Office of the Auditor General – Performance Audit Outcomes

On March 2, 2006, the 15th Legislative Assembly moved that a performance audit be conducted on the Northwest Territories Housing Corporation. The performance audit was conducted by the Auditor General of Canada (OAG) during 2006-2008 and was made public in February 2008.

The performance audit highlighted three general areas of concern, including LHO monitoring, program evaluation, and the need for a corporate strategic plan.

On March 4-5, 2008, a public review of the Audit was held in Yellowknife, NT. During this review, officials from the NWTHC presented its management responses and answered questions from members of the Standing Committee on Government Operations. The Corporation has identified specific efforts designed to respond directly to the concerns raised in the Audit and reinforced by MLAs during the public review:

- ***Framework for Action 2008-2011:*** *"Framework for Action 2008-2011"* is being revised to reflect specifically on how the Corporation will move forward in response to the Performance Audit. Actions, deliverables, and timelines included in the report will be adjusted to place a higher priority on those actions that will directly target the issues highlighted in the Audit. An Appendix will also be drafted that will directly link specific actions in the plan to each of the Audit's 13 recommendations. These revisions, together with a project plan to make these actions and deliverables operational, will be tabled in the May-June 2008 session.

- ***Corporate Reorganization:*** Changes to the Corporation's organizational structure which were implemented in February 2008 are designed to improve the Corporation's capability and capacity to provide support to clients, LHOs, district offices and communities. Organizational and operational changes will also improve consistency in the provision of program, policy, financial and infrastructure support. These changes will complement operational changes made in areas such as the establishment of employee driven committees.

- ***Mortgage/Arrears Payment Strategy:*** The Corporation is actively engaged in reducing client arrears in both public housing and the mortgage portfolio. For public housing, the Corporation agrees with the recommendations of the OAG and has committed to work with the LHOs to collect the assessed rents of their tenants, to determine why tenants are not paying their rent, and to develop an action plan to improve collections. Through its partnership with the Department of Education, Culture and Employment, the NWTHC continues to work on strategies to eliminate rent collection issues related to Public Housing Rental Subsidy administration. Through consultations with Standing Committee during the 15th Assembly the Corporation developed the Mortgage Payment Plan for private homeowners. The Mortgage Payment Plan provides options to clients who are in arrears to address them and improve their success as private homeowners. Options available include refinancing of mortgages, transferring from homeownership to a rental program, or the establishment of a monthly repayment plan. District Staff have begun delivery of the strategy and have a timeline of two years to implement payment options for all clients in arrears. The Corporation's strategies for collecting rental and mortgage arrears are also a key component of the *Framework for Action*.

- ***Specific Directives – Point-Rating:*** Two of the recommendations made in the performance audit related to the consistent use and documentation of point-ratings to determine eligibility and priority in the allocation of public housing and the assessment of applications for homeownership assistance through *Housing Choices*. Following the Auditor General's report, District Offices and Local Housing Organizations were again notified by the Vice-President, Programs and District Operations of the requirement for consistent application of point ratings and the necessity of properly documenting point rating results in client files and ensuring objectivity in the rating of applications.

Corporate Renewal and Reorganization

The Northwest Territories Housing Corporation conducted an internal review of its operations which identified the need for organizational change, which resulted in the corporate reorganization described in the previous section.

This corporate reorganization is designed to achieve better communication, coordination and strategic planning; more policy control; better support to district offices and community delivery agents; better capital planning; arrears management; and interdepartmental cooperation and coordination.

Two key changes in the reorganization include the addition of two vice-presidents to strengthen accountability, provide greater support to districts, and provide a critical linkage between financial/capital planning and delivery. The Corporation's Policy staff has been placed under the direction of the Executive Office under the management of the Manager of Strategic Planning, Policy and Communications.

Contributing to the self-reliance of clients

The 15th Legislative Assembly identified self-reliance as one of the goals under its Strategic Plan. One area where self-reliance can be realized is by taking greater responsibility for shelter. Homeownership goes beyond qualifying for a mortgage or homeownership programs. It requires a firm understanding of the responsibility of a homeowner to better maintain their home and meet the associated financial obligations.

The Northwest Territories Housing Corporation has been showing its commitment to providing training and educational support to residents who want to pursue homeownership as an option, by offering courses that provide information to assist people to evaluate costs and benefits of financial transactions, to repair their credit and to achieve better financial management and planning. In addition, homeowners are counseled to reduce utility costs through energy conservation.

The position of Program Training Specialist was filled in April 2007 to assist the staff of the Corporation's District Offices to successfully deliver the *Housing Choices* STEP (Solutions to Educate People), which consists of four modules (each 6.5 hours in duration):

- Financial Skills I: Budgeting
- Financial Skills II: Banking and Credit
- Home Purchase
- Home Maintenance/Repair

In order to meet the needs of the applicants, the scheduling of the courses is flexible. Courses are being offered during the day, over a series of evenings, or on weekends. It is mandatory that all of the Corporation's homeownership applicants complete one or more of the STEP modules, depending on what program they are participating in. As of the end of March 2008, the following number of sessions had been delivered by the staff of the Corporation's District Offices and Headquarters:

STEP Program – Sessions Delivered as of March 27, 2008

District Office	Financial Skills I: Budgeting	Financial Skills II: Banking & Credit	Home Purchase	Home Maintenance/Repair	Totals
Beaufort Delta	6	4	3	8	21
Nahendeh	2	2	3	4	11
North Slave	11	8	3	5	27
Sahtu	5	4	4	3	16
South Slave	5	2	2	7	16
Total	**29**	**20**	**15**	**27**	**91**

Improving Energy Efficiency

Energy efficiency was a key component of the Northwest Territories Housing Corporation's (NWTHC) operations over the past year. The use of new technologies to improve the energy efficiency of homes is an important way to reduce shelter costs for homeowners. Most of the Corporation's efforts towards the reduction of utilities consumption have been in support of reducing costs and the mitigation of environmental impacts to reduce greenhouse gas emissions.

The Corporation is a partner in the GNWT's Energy Plan and the *NWT Greenhouse Gas Strategy*. The NWTHC is tasked with three initiatives in support of the GNWT's Energy Plan and the *NWT Greenhouse Gas Strategy*:

1) The NWTHC will target up to 30% ($750,000), of total Contributing Assistance for Repairs and Enhancements (CARE) funding over the next two years to energy efficiency upgrades for low-income households. Repairs will be prioritized after repairs to health and safety and suitability (overcrowding) are addressed.

   For the Contributing Assistance to Repairs and Enhancements (CARE) program, the NWTHC has:

   - Developed the technical condition rating form and guidelines for the Priority Allocation and Selection System (PASS) to ensure that those in the greatest need receive priority
   - Developed a hierarchy of repair needs to be used to determine repairs that are necessary, through inspecting and rating the condition of an applicant's first home, to specific clients' homes once accepted into the CARE program. The hierarchy of repairs is to first address health and safety issues followed by suitability (overcrowding) and energy-efficiency upgrades being the third priority.
   - The condition rating, based on inspection, is part of the overall determination of client need and eligibility for the CARE program. The inspection indicates high, medium and low priority repairs related to health safety, structural, mechanical, electrical and maintenance.

2) The NWTHC is participating in a four-year study of best practices for northern building design. The study is being coordinated by the National Research Council of Canada in collaboration with Canada Mortgage and Housing Corporation and Natural Resources Canada.

3) The NWTHC received $100,000 to conduct an "Energy Management for Public Housing" survey of approximately 700 public housing units to identify energy management upgrades that have been carried out by LHOs and identify opportunities for further upgrades.

   - During December 2007, workshops entitled "Energy Management for Public Housing Survey" were completed in Yellowknife, Hay River and Inuvik. The workshops were attended by Corporation technical staff and 13 participating LHO maintenance staff, representing all five districts of the Northwest Territories Housing Corporation.
   - In January 2008, the physical survey of public housing units commenced – after revisions to the survey forms and procedures were made, based on input provided from participants who attended the workshops. 589 surveys of the 700 surveys have been completed and have been entered into the web-based site.

The President and CEO of the Corporation is also a member of the GNWT's Energy Coordinating Committee and the Corporation is currently working with other GNWT departments on adaptation strategies to respond to the effects of climate change.

The Corporation is a member of the Arctic Energy Alliance and provides $50,000 to the Arctic Energy Alliance yearly for its operations. The Corporation President & CEO also sits on the Board of Directors for the Arctic Energy Alliance.

Focus on technical and maintenance needs

One of the most important ways to make housing more affordable for residents is by continually improving housing designs in an effort to lower shelter costs. During 2007-2008 work continued on new homeownership and public housing construction designs, with a focus on replacing older and inefficient housing with new energy-efficient single family and multi-unit buildings. The Corporation also continued to test new heating systems in an effort to reduce the impact that high energy costs are having on the cost to operate a home.

Efforts to improve the long term sustainability of homeownership units include courses designed to provide residents with an improved level of understanding in home maintenance. The Corporation has also strengthened its technical capacity at the district level. With the hiring of new technical officers at its 5 district offices, the Corporation has been able to provide much needed technical advice to Local Housing Organizations (LHOs) and clients, and more closely monitor and inspect projects to ensure quality construction and suitability for a northern climate.

Support for Apprentices

There is a competing demand by government and industry for a limited pool of qualified trades people. The shortage of qualified trades people contributes to increased costs for repairs and limits the ability of LHOs to attract qualified maintenance staff for full time positions or seasonal employment. In April 2007, in response to this need for trades people, the GNWT's Financial Management Board approved funding for the Corporation to hire 12 apprentices to work with LHOs. During 2007-2008, seven apprentices have participated in the program.

The Corporation collaborated with the GNWT's Department of Public Works and Services to determine community allocations of apprentices, and the specific trade that would be best suited for each community so that resources are used most effectively. It was agreed that Public Works and Services and the Corporation would not duplicate recruitment efforts in the same communities where possible. Public Works and Services would focus recruitment efforts on major centers while the Corporation would focus on smaller communities.

NWTHC PHOTO

Senior's Six-plex, Fort Resolution

BAILEY HOUSE – BUILDING ON THE STRENGTH OF PARTNERSHIPS

The Northwest Territories Housing Corporation is a supporter of the Yellowknife Homelessness Coalition. After studying the needs of the homeless in Yellowknife, the Coalition realized that many men are spending a long time in emergency shelters because there are limited affordable housing options for them to pursue. Single men are frequently a low priority in the point-rating systems used to gain access to public housing, and often do not have sufficient income to afford private market rental options or homeownership. Those that can afford accommodations still have difficulty due to low vacancy levels, high rents and lack of suitable accommodation.

When there is a bottleneck, other men in dire need of emergency shelter cannot move off the street. Due to the bottleneck and a lack of affordable housing in Yellowknife, men often find themselves in a position where they leave the emergency shelter and they may fall back into their old lifestyles, since they are unable to move into housing with appropriate support programs.

As a member of the Coalition, the NWTHC made a commitment to provide significant funding to build the Bailey House, a transitional housing facility for single men. The Bailey House cost just under $5 million to build, with the Northwest Territories Housing Corporation contributing $1.748 million toward the construction costs through the Affordable Housing Initiative. Other partners on this project included the Government of Canada, Diavik Diamond Mines, the City of Yellowknife, and the Salvation Army. Bailey House is a clear example of how partnerships between the private, public and not-for-profit sectors can achieve amazing results in providing affordable housing options.

NWTHC PHOTO

Bailey House, Yellowknife

Staff Profile - Paulette Doucet

NWTHC PHOTO

OUR PEOPLE

Paulette Doucet

Paulette Doucet began working for the Northwest Territories Housing Corporation immediately after moving to Yellowknife in 1994 after completing her Bachelor of Commerce Degree at Dalhousie University. She has served in various capacities: Corporate Cashier, Batch Reconciliation Clerk, Accounts Payable Clerk and Mortgage Officer. In 2007, she became the Manager of Asset Management.

As Manager of Asset Management, Paulette oversees all of the 1600 homeownership mortgages, and is also responsible for the financial management of the Corporation's portfolio of approximately 2300 public housing units and 100 market housing units.

Paulette tracks the value of all of the mortgages on the Corporation's books. She also keeps track of when the Corporation builds new units or adds value to the units. Paulette tracks the construction cost or the cost of repairs in order to ensure that all the financial statements are correct for auditing purposes.

Paulette also maintains the Corporation's public and market housing inventory, which is a complete listing of all the housing units that the Corporation owns at any given time. She also keeps track of condition ratings done by technical staff in the District: "It's all part of the inventory information."

"The amount of work is exciting and keeps me on my toes", says Paulette, "There is a lot to do."

Paulette gives assistance to District program staff who are the Corporation's main contact point with the clients. Paulette also provides a lot of the information that district program staff need to work with the homeownership clients – details on a client's mortgage, loan, or rental program.

Paulette is also responsible for training district staff in areas related to mortgage administration. In the fall of 2007, she organized a three-day workshop to provide training to District program staff and District controllers in the area of customer service. The courses offered were: Caring for Customers, Healing Customer Relationships and Reaching Stellar Services.

Paulette's main goal is to have all clients paying their mortgages and increasing the collection rate from 36% to 90% by 2011. District staff are the point of contact with homeownership clients and it's important that District staff become more familiar with the options clients have under the Mortgage Payment Plan for paying back arrears. District controllers are responsible for making sure clients are paying their mortgages. Program staff are there to counsel clients, help and support them. There has been a fair amount of staff turnover in Districts and new employees have to deal with issues from before their time, so it's important that these employees receive training and are supported in their duties. Paulette is happy to report: "Progress is being made!"

NWTHC employs 108 people throughout the Northwest Territories

NWTHC PHOTOS

District Office Profile – Sahtu

NWTHC PHOTO

Philip Bailey and Chris Greek are well known throughout the Sahtu region because of the work they do for the Sahtu District Office. Together with District Director Susan Spring and the rest of the Sahtu District office staff they work hard to deliver Northwest Territories Housing Corporation programs throughout the region.

The Northwest Territories Housing Corporation's Sahtu District Office is one of the five District Offices that deliver the Corporation's housing programs and services in the NWT. The Sahtu District Office is located in Norman Wells. The Sahtu District Office serves the communities of Colville Lake, Déline, Fort Good Hope, Norman Wells and Tulita. Our Local Housing Organization (LHO) partners in the Sahtu include: the Déline Housing Association, the Norman Wells Housing Authority, the Radilih Koe Housing Association (Fort Good Hope) and the Tulita Housing Association.

The Sahtu region is beautiful yet its environment can be unforgiving, making the delivery of housing in this region a challenge at times. In addition to the extreme cold temperatures that must be contented with, like many communities in the NWT, the communities in the Sahtu can only be reached by air, boat or winter road. The Corporation's District Office relies on the summer river barge service and winter roads to deliver its material and supplies to the communities.

The Director of the Corporation's Sahtu District Office, Susan Spring, joined the Corporation in March 2007. Susan has been working in the area of housing since 1993 and came to us from Nunavut, where she was working with the Iqaluit Housing Authority, although she is originally from the NWT and spent all of her formative years in the NWT. The Sahtu District is gorgeous and it's growing. The Sahtu is ready for the Mackenzie Valley Gas Project and other important initiatives and Director Susan Spring sees tremendous opportunity for growth, development and independence: "For example, Déline is moving towards self-government and Tulita is coming of age under the New Deal for Communities and is taking on increasing responsibility for land development, so that new housing can be built."

In addition to its Director, the Sahtu District Office has a current complement of nine staff members. Susan is excited about being supported by a team of people committed to the work they do: "The District Office is now fully staffed – with a very dynamic and competent staff who are working hard to correct historic difficulties while moving forward."

The staff in the Sahtu District Office are a great team – both in the office and out. "We've got a ball team, a golf team, and are working together to build a shed", says Susan, "These are people who are really dedicated to housing and who like coming to work. We are forging ahead, feeling optimistic!"

The Sahtu District Office is on top of its delivery of housing units under the Affordable Housing Initiative. "The Sahtu District Office is very close to the target number," reports Susan. This devoted staff helps to provide safe and affordable housing to the people of the Sahtu. The District also manages 254 public housing units, 47 Homeownership Entry Level Program/Supported Lease units and 19 market housing units. The District also provides support to 70 mortgage clients.

The District staff is in frequent contact with their community partners at the LHOs. All District staff provide support to LHOs as they advance their property management roles in the delivery the public housing program in the Sahtu communities. The Sahtu also has a Technical Officer who is dedicated to supporting the LHOs maintenance functions such as upgrading and strengthening MMOS computer systems and maintenance management areas.

Many of the Sahtu District staff are long-term northerners. Most of the staff have less than three years of service in the District Office, but they are about to celebrate one staff member receiving a 5-year long service award. Having continuity in the District Office makes a tremendous difference. Staff are optimistic that the work is manageable and that they can really make a difference.

Branch Profile – Strategic Planning, Policy and Communications

The Strategic Planning, Policy, and Communications Branch of the Executive Office serves a number of roles for the Northwest Territories Housing Corporation. The Branch provides strategic direction, policy and legislative development for the Corporation. It also provides a coordinating function for the preparation of briefing materials and for the management of Federal/Provincial/Territorial issues. The Branch is also responsible for managing media relations, internal and external communications and contributes to the publication of quality departmental reports and documents. Policy analysts contribute to larger policy and legislative projects through the preparation of research reports and manage the preparation of smaller projects.

The Branch is also responsible for providing expert advice and assistance in the areas of Aboriginal land claim and self-government issues. Senior Policy Advisor Paula MacFadyen coordinates the activities associated with housing (i.e. development and review of contracts, agreements, etc.) in the context of Self-Government and Land Claim issues as well as assisting the Corporation with amending policies, legislation and various agreements.

One of the major functions of the branch is to assist and support the Minister Responsible for the Housing Corporation during each session of the Legislative Assembly, which usually take place in February, June and October of each year. Policy Analysts serve as the coordinators of legislative affairs for the Corporation, and lead the preparation of briefing materials before and during each session. They also monitor each session of the Legislative Assembly, and identify relevant sections of Hansard for distribution via e-mail, and documenting and tracking any commitments made by the Minister.

According to the Manager of Strategic Planning, Policy and Communications, Stephen Pretty, the preparation for and monitoring of legislative affairs is the most critical element of the work of the Branch. "The activities of the Legislative Assembly serve to shape the policy and strategic direction of the Corporation. Through proper preparation prior to Session, and responsiveness to questions and motions during sittings, we are able to ensure that the policies we are developing are reflective of the will of the people."

The Branch is also responsible for corporate communications. The Communications Advisor coordinates responses to requests from the media for information and interviews and prepares news releases and advertisements. Communications staff are also responsible for maintaining the Corporation's Communications Guidelines and Principles and for providing communications planning for all Corporation programs and initiatives. The NWTHC recognizes that providing information to the public in a timely, accurate and consistent manner is fundamental to ensure the public is informed about NWTHC policies, activities, initiatives, programs and services as well as to ensure that the NWTHC is visible, accessible and responsive to the clients that it serves.

Years	2007-2008 Long Service Award Recipients	
25	Mel Lafferty	Manager, Material Management, Finance and Infrastructure Services
15	Judith Craig	Vice-President's Secretary, Programs and District Operations
10	Kevin Brooks	Portfolio Management, Officer Finance and Infrastructure Services
5	Suzanne Desfossés	Program Development Specialist, Programs and District Operations

Appendix A: Financials

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights and Challenges

Affordable Housing Initiative

In 2006-2007, the Northwest Territories Housing Corporation initiated the Affordable Housing Initiative, a three-year strategy to increase the social housing stock by more than 500 homes. At the end of the second year of delivery, 279 units were completed or substantially completed (80-100%) and 42 units were under construction, for a total of 321 units. This initiative is a cost-shared partnership with Canada Mortgage and Housing Corporation facilitated under the Northern Housing Trust with a total three-year budget of $100 million, $50 million from the federal government and $50 million from the Government of the Northwest Territories.

Housing Needs

The 2004 Housing Needs Survey shows that of the 13,902 occupied dwellings in the Northwest Territories, an estimated 4,015 households (29%) had some form of housing problem, while 2,260 households were in core need (16%), that is, required assistance to remedy their housing problems.

With respect to the types of problems indicated by respondents, some 14% of households reported an adequacy problem, which indicates major problems with the physical condition of their dwelling. Suitability, or problems associated with overcrowding were identified in 9% of households. Affordability, referring to the cost of housing, was identified by 11% of households.

The high incidence of adequacy problems suggests that programming in the future should focus on the replacement of housing that is past its useful life and major renovations to homeownership and public housing units.

Skilled Labour and Construction Capacity

The Corporation continues to remain challenged by a substantial lack of supply of northern skilled trades and labour. As the economy goes into a phase of aggressive expansion, due in large part from the increased activity in mining and oil and gas, costs of construction continue to escalate. NWTHC plans to help address these issues in future years through focused investment in apprenticeships.

Declining CMHC Funding

The Canada Mortgage and Housing Corporation provides an ongoing subsidy to pay a portion of the operating and amortization costs of the GNWT's public housing portfolio. The current terms of the subsidy agreements are that once the individual mortgages are paid, the Federal funding needed to help operate the units expires. As a result, over the years 2003/2004 to 2037/2038, the GNWT will face a total shortfall in operations and maintenance (O&M) funding of over $339 million.

The GNWT will have to offset the loss in Federal funding though additional contributions or determine other options to address this significant shortfall in funding. The Corporation along with its Territorial counterparts in Nunavut and Yukon and the southern jurisdictions are actively making the case to the federal government to reinvest any legacy savings from their declining contribution back into the public housing portfolio.

In the fiscal year 2003/2004, O&M funding began to decline. By 2038, contributions will decline to zero. The option of the disposal of some public housing may make up for some of the shortfall in operation and maintenance funding.

Financial Position

The Corporation's financial position remained strong for 2007/2008. The Corporation continues to maintain a positive cash and cash equivalent position, as well as a solid working capital position. This is necessary to ensure future obligations can be met, particularly related to escalating construction costs and to mitigate any financial risk associated with the third party mortgages that the Corporation administers on behalf of Canada Mortgage and Housing Corporation (CMHC). The Corporation indemnifies and holds CMHC harmless for any risk on these mortgages, as provided under the Social Housing Agreement with CMHC.

Approximately $6.5 million in corporate loan guarantees were active as of March 31, 2008. The guarantees on interim financing assists private sector companies build or upgrade single or multi-unit residential housing for rental accommodation or for the homeownership market.

Operating Expenditures

Total operating expenditures for 2007-2008 were $80.7 million, a 5.0% increase over the previous year (2006-2007 - $76.5 million). Costs of operating the Rental Housing Programs were $54.0 million which equates to 67% of the annual operating costs of the Corporation and continues to be the largest part of the Corporation's budget. These operating costs support approximately 2,400 units that are subsidized by the Corporation for the provision of social housing and an additional 117 market housing units.

Rental Housing Program expenditures on utilities, taxes and land leases were $17.5 million in 2007-2008, an increase of $1.1 million over the previous year. The ever increasing operating costs related to the Corporation's public housing stock continues to be an issue for the Corporation and requires the Corporation to maintain the status quo in terms of the availability of public housing units.

Building repairs and maintenance costs related to the rental housing programs were $16.5 million in 2007-2008, an increase of $1.7 million over 2006-2007. This includes the preventative and demand maintenance and repairs, and upgrades under the modernization & improvement program to maximize the useful life of these units.

Homeownership program expenditures were $3.7 million in 2007-2008 with $2.2 million of this funding used for the provision of homeownership grants & contributions to support new private housing as well as improvements to the existing homeownership stock. The balance is related to costs under the Corporation's mortgage portfolio for mortgage impairment charges.

The Corporation also spent $23 million in administration for the provision of support services to the districts, community housing organizations and our clients in the delivery of our housing programs and services.

Revenues

The Corporation received total revenues of $80 million in 2007/2008. The GNWT funding of $60.6 million is provided as follows: $19.6 million GNWT contribution for operations; $32.7 million in public housing rental subsidies from the Department of Education, Culture & Employment; and $8.3 million for the amortization of deferred capital funding. Federal contributions, as provided under the Social Housing Agreement with CMHC, were $6.4 million.

Other revenue is comprised of all other sources of revenue other than government funding and the tenant portion of rent revenue. This includes: investment revenue; gains on disposal of capital assets; mortgage interest revenue; and other miscellaneous revenue and recoveries.

Capital Acquisition Plan Expenditures

The Corporation continues to make investments in capital infrastructure by replacing older public housing units with new units and by renovating and upgrading to extend the useful life of its existing housing stock. Funding under year two of the Affordable Housing Initiative allowed the Corporation to substantially accelerate their planned capital infrastructure activities with total capital expenditures for 2007-2008 of $35.3 million, an increase of 18.9% over the $29.7 million expended in the prior year.

Investment in Housing

As at March 31, 2008, the NWTHC had $183.8 million of investments in Land and Buildings, representing the amortized book value of 2,100 owned rental units. This is an increase of $25 million over the 2007 year end balance due primarily to the increased investment under the federal Affordable Housing Initiative. The majority of this investment was in the form of new replacement public housing and new additional rental units geared to homeownership with a portion invested in major renovations to the existing public housing stock.

Write-Offs, Tenant Arrears

Client Name	Amount	Client Name	Amount
Lutsel K'e		**Sachs Harbour**	
Abel, Alizette	$ 5,024	Carpenter, Corrine	$ 4,776
Fatte, Pierre and Mary	$ 806	Carpenter, Jock	$ 1,498
Marlowe, Madeline	$ 1,455	Carpenter, Kris	$ 1,465
Rabesca, John B.	$ 1,251	Carpenter, Les	$ 1,226
		Cook, Wilbert	$ 2,720
Fort Simpson		Elanik, Charles	$ 3,471
Alger, Denise	$ 7,952	Elanik, Margaret	$ 1,781
Bourne, Jason	$ 7,952	Elias, Irvin	$ 3,537
Brown, Florence	$ 4,191	Haogak, David	$ 4,796
Byland, Mike Sr.	$ 3,225	Lennie, Floyd	$ 4,892
Ellis, Lance	$ 1,092	Lennie, Timothy/Autrey	$ 1,230
Grossetete, Darlene	$ 898	McRae, Claude	$ 3,777
Grossetete, Floyd	$ 1,614	Nakimayak, Emma	$ 4,396
Horassi, Sara	$ 4,220	Nasogaluak, Desmond	$ 5,411
Isiah, Bernice	$ 2,595	Nasogaluak, Emsley	$ 7,516
Lafferty,Tina and Michael	$ 3,700	Nasogaluak, Darren	$ 2,023
Michel, Gordon	$ 562	Wolki, Elvis	$ 3,488
Saulteaux, Alfred	$ 2,940		
Squirrel, Brent and Tammy	$ 3,890	**Tuktoyaktuk**	
Tsetso, Vera	$ 6,424	Cockney, Eric	$ 791
Deline		Elias, Erwin	$ 1,170
Bonnetrouge, Joachim	$ 5,771	Gruben, Eileen	$ 5,220
Yukon, John Paul	$10,244	Gruben, Gus	$ 9,562
		Jacobson, Sam	$ 1,774
Norman Wells		Lundrigan, Shawn	$ 1,567
King, Wayne	$ 636	Ovayuak, Peter	$ 4,226
		Pingo, Debbie Ann	$ 9,679
Fort McPherson		Raddi, Allison	$ 1,278
Clark, Jim and Brenda	$ 2,729	Thrasher, Jennifer	$ 1,924
Itsi, Albert and Nerysoo, Laura	$ 9,476	Thrasher, Wayne	$ 4,548
		Wolki, Charlton	$ 1,636

Client Name	Amount
Paulatuk	
Bennett, Mary	$ 2,799
Illisiak, Joesph	$ 2,451
Ruben, Jean and Nelson	$ 3,585
Ruben, Anita and Kudlak, Brian	$ 1,862
Thrasher, Phillip Sr.	$ 2,776
Thrasher, Thomas	$ 4,164
Inuvik	
Arey, Janey and Jimmy	$ 4,784
Arey, Donna and Robert, William	$ 6,902
Avik, Florence	$ 1,402
Aviugana, Erika	$10,000
Bonnetplume, Cornelius and Lorene	$ 1,129
Cardinal, Lisa M.	$ 1,797
Carnogursky, Juraj and Sayers, Megan	$ 1,948
Charlie, Alfred	$ 586
Dick, Velma	$ 1,117
Dixon, John	$ 2,167
Elias, Lorna	$ 3,980
Elias, Maureen and Walter	$ 2,493
Firth, Daniel and Greenland, Maria	$ 2,769
Frost, Clara	$ 2,671
Gordon, Mickey Leigh	$ 2,267
Sydney, Dolly	$ 4,415
Tingmiak, Kirk	$ 743
Villebrun, Greta	$ 1,347

Client Name	Amount
Inuvik (continued)	
Hammer, Niccole	$ 6,814
Hansen, Donna	$ 1,075
Harrison, George and Violet	$ 4,656
Inglangasuk, Archie and Susan	$ 943
Jacobs, Mel	$ 1,147
Joe, Bernice and Rogers, John	$10,000
Kasook, Stanley	$10,000
Kendi, Marilyn	$ 3,580
Kikoak, Gerald and Robin	$ 2,059
Kikoak, Ray	$ 2,364
Kikoak, Leonard	$ 5,553
Kopuk, Howard	$ 698
Kunnizzie, Benny and Alana	$ 5,439
Loreen, Mary Lou and Dixon, Ernie	$ 4,527
MacNabb, Terra and Lennie, Joel	$ 1,007
McLeod, Patrick	$ 1,168
McLeod, Marilyn and Arey, Leonard	$ 5,109
Podzadny, Horst	$ 830
Roland, Allison	$10,000
Ross, Beverley	$ 629
Selamio, Alvin	$ 1,242
Smith, Roy	$ 5,350
Smith, Tommy	$ 1,799
Stefansson, Sandy	$ 653
Tsiigehtchic	
Blake, Lois	$ 2,729
Clark, Robert	$ 1,363
Norbert, Annie and Nap	$ 883

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and other financial information and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to management.

In discharging its responsibilities for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that, assets are safeguarded, proper records are maintained, and transactions are authorized and in accordance with the *Financial Administration Act*, the *Northwest Territories Housing Corporation Act* and the policies of the Corporation. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information, and adherence to the Corporation's policies and statutory requirements. Management also recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

J.B. (Jeff) Anderson, CGA, CPA
Acting President

Sheldon Grayston, CMA
Director, Finance & Administration

Yellowknife, Northwest Territories
December 10, 2008

Bureau du vérificateur général du Canada
Office of the Auditor General of Canada

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the consolidated balance sheet of the Northwest Territories Housing Corporation as at March 31, 2008 and the consolidated statements of operations and comprehensive income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations with the exception that the Corporation did not meet its statutory deadline for submitting its annual report to its Minister as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Corporation did not meet its statutory deadline for submitting its annual report to its Minister.

Guy LeGras, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
December 10, 2008

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Balance Sheet
As at March 31, 2008
(in thousands)

	2008	2007
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 38,903	$ 19,728
Accounts receivable (Note 5)	5,166	22,523
Prepaid expenses	74	68
	44,143	42,319
Fixed-term investments (Note 6)	6,454	6,462
Investment in housing projects		
Land and buildings (Note 7a)	183,784	158,728
Mortgages receivable (Note 7b)	1,263	1,901
	185,047	160,629
Property and equipment (Note 8)	4,344	4,506
	$ 239,988	$ 213,916
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 20,245	$ 20,154
Current portion of long-term debt payable to Canada Mortgage and Housing Corporation (Note 10)	527	434
Current portion of obligations under capital leases (Note 11)	675	620
	21,447	21,208
Long-term debt payable to Canada Mortgage and Housing Corporation (Note 10)	14,738	13,568
Obligations under capital leases (Note 11)	7,143	7,878
Employee future benefits (Note 12)	2,491	2,432
Deferred capital funding (Note 13)	170,880	144,933
	216,699	190,019
EQUITY		
Retained earnings	23,289	23,897
	$ 239,988	$ 213,916

Commitments and contingencies (Notes 17 and 18)

Approved by Management

Acting President

Director, Finance & Administration

The accompanying notes form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Comprehensive Income,
For the year ended March 31, 2008
(in thousands)

	2008	2007
Expenses		
Rental housing programs		
Utilities, taxes and land leases	$ 17,467	$ 16,323
Repairs, maintenance and other costs	16,512	14,804
Amortization	8,761	7,623
Contributions for social housing	5,979	5,856
Leasing	2,693	2,830
Interest on long-term debt	1,529	1,797
Contributions for market housing	1,035	1,036
Homeownership programs		
Homeownership grants and contributions	2,207	4,358
Provision for impaired mortgages, net of recoveries	1,484	1,530
Mortgage subsidies, net of recoveries	-	326
Administration (Note 14)	23,031	20,050
	80,698	76,533
Revenues and recoveries		
Rental revenue	6,066	4,695
Mortgage subsidy recoveries, net of subsidies	1,417	-
Other revenue and recoveries	2,707	1,841
Investment revenue	1,779	1,184
Gain on disposal of capital assets	895	295
Mortgage interest revenue	106	142
	12,970	8,157
Net results of operations prior to government funding	67,728	68,376
Government funding		
Government of the Northwest Territories	52,338	58,220
Canada Mortgage and Housing Corporation (Note 15)	6,398	6,398
Amortization of deferred capital funding (Note 13)	8,290	7,229
	67,026	71,847
Net results of operations and comprehensive income (loss)	$ (702)	$ 3,471

The accompanying notes form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Retained Earnings
For the year ended March 31, 2008
(in thousands)

	2008	2007
Retained earnings		
Balance, beginning of the year	$ 23,897	$ 20,426
Transitional adjustment on adoption of new accounting standards for financial instruments (Note 2)	94	-
Net results of operations and comprehensive income (loss)	(702)	3,471
Balance, end of the year	$ 23,289	$ 23,897

The accompanying notes form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flows
For the year ended March 31, 2008
(in thousands)

	2008	2007
Cash flow from operating activities		
Cash received from:		
Government of the Northwest Territories	$ 69,188	$ 41,142
Canada Mortgage and Housing Corporation	6,496	6,863
Rental revenue	6,259	2,774
Miscellaneous revenue and recoveries	4,695	3,167
	86,638	53,946
Cash used for:		
Administration	(16,952)	(19,573)
Utilities, taxes and land leases	(17,473)	(16,179)
Repairs, maintenance and other costs	(18,074)	(13,099)
Interest on long-term debt	(1,779)	(1,739)
Homeownership grants and contributions	(2,207)	(4,358)
Contributions for social housing	(5,979)	(5,856)
Leasing	(2,693)	(2,830)
Contributions for market housing	(1,035)	(1,036)
Mortgage subsidies, net of recoveries	1,417	(326)
	(64,775)	(64,996)
Net cash provided by (used for) operating activities	21,863	(11,050)
Cash flow from financing activities		
Funding from the Government used to purchase capital assets	34,237	29,373
Repayment of long-term debt and capital leases	(1,113)	(691)
Net cash provided by financing activities	33,124	28,682
Cash flow from investing activities		
Capital assets purchased	(37,643)	(25,472)
Proceeds on sale of capital assets	2,031	3,442
Proceeds from fixed-term investments	-	1,031
Purchases of fixed-term investments	-	(1,100)
Mortgage payments received	(200)	375
Net cash used for investing activities	(35,812)	(21,724)
Net increase (decrease) in cash and cash equivalents	19,175	(4,092)
Cash and cash equivalents, beginning of the year	19,728	23,820
Cash and cash equivalents, end of the year	$ 38,903	$ 19,728

The accompanying notes form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 2008
(in thousands)

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the Corporation) is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act* (the Act). The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent, and dignified lifestyle. The Corporation's principal objective is to develop, maintain, and manage public housing programs in the Northwest Territories.

The Government of the Northwest Territories (the Government) provides funding to the Corporation under Section 20 of the Act. Pursuant to provisions of this Act, the Corporation is dependent upon the Government, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and capital acquisitions.

2. CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2007, the Corporation adopted the following new accounting recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook: Section 3855, Financial Instruments – Recognition and Measurement, Section 3861, Financial Instruments – Disclosure and Presentation, Section 3865, Hedges, and Section 1530, Comprehensive Income.

These sections establish standards for the recognition, measurement, disclosure and presentation of financial assets, financial liabilities, non-financial derivatives and embedded derivatives, describe when and how hedge accounting may be applied, and introduce the concept of comprehensive income.

As required by these new standards, prior periods have not been restated. The adoption of these new standards had no material impact on the Corporation's retained earnings, earnings or cash flows for the current period. The accounting changes resulting from the adoption of these new standards are described below.

a) Financial instruments

Upon adoption of the new standards for financial instruments, the Corporation was required to classify each of its financial assets and financial liabilities into one of the following categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale; and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

Cash and cash equivalents and fixed term investments are classified as held-for-trading and are accounted for at fair value with changes in fair value recognized in the net results of operations each period. The fair value of cash equivalents approximates the carrying amount due to the short term to maturity. In accordance with the new standards, a transitional adjustment of $94 was made to retained earnings to recognize the adjustment to fair value for the fixed-term investments as of April 1, 2007.

Accounts receivable and mortgages receivable are classified as loans and receivables and are accounted for at amortized cost using the effective interest rate method. Any gains or losses are recognized in the net results of operations in the period that the asset is derecognized or impaired. This accounting treatment is consistent with the accounting treatment prior to April 1, 2007.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Accounts payable and accrued liabilities, long-term debt and obligations under capital leases are classified as other financial liabilities and are accounted for at amortized cost using the effective interest rate method. This accounting treatment is consistent with the accounting treatment prior to April 1, 2007.

Section 3855 also requires all entities to identify and separately account for certain embedded derivatives and to search for derivatives if they are embedded in existing contracts. An embedded derivative is a component within a financial instrument or other contract that has features similar to a derivative. As a whole, the financial instrument or other contract is considered to be a hybrid (combined) instrument consisting of a host contract and an embedded derivative. The Corporation has concluded that it does not have any embedded derivatives. The Corporation selected April 1, 2003 as the transition date for the identification of embedded derivatives. As such, only contracts or other financial instruments entered onto or modified after the transition date were examined for embedded derivatives. As at March 31, 2008, the Corporation does not have any outstanding contracts or other financial instruments with embedded derivatives.

b) Comprehensive income

Section 1530, Comprehensive Income introduces the concept of comprehensive income, which is comprised of the Corporation's net results of operations and other comprehensive income. Other comprehensive income may include any unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivative instruments designated as cash flow hedges. As the Corporation did not have any elements of other comprehensive income at April 1, 2007 or March 31, 2008, the adoption of this Section did not have an impact on the Corporation's consolidated financial statements. The Corporation revised its statement of operations to include the newly required statement of comprehensive income by creating consolidated statement of operations and comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could significantly differ from those estimates. The more significant management estimates relate to the allowance for impaired mortgages receivable, the determination of employee future benefits and the fair value of financial instruments.

The significant accounting policies are as follows:

Consolidation

These consolidated financial statements include the accounts of the Corporation and, as required by *Accounting Guideline 15: Consolidation of Variable Interest Entities* (AcG-15), the accounts of 21 Local Housing Associations and Authorities (LHAs), which are variable interest entities (VIEs) for which the risks of their operations are effectively the responsibility of the Corporation. All significant inter-entity balances and transactions have been eliminated in the consolidated figures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions for social housing

Housing units owned or leased by the Corporation are operated by LHAs, municipalities, and bands under agreements. The operations of the LHOs are fully consolidated in these financial statements as described in the consolidation accounting policy. Contributions to municipalities and bands for the annual operating requirements of these owned or leased housing units, net of rent revenues collected, are recorded on an accrual basis, but only to the extent of the Corporation's agreed upon contributions to them.

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

Revenue recognition

Funding provided by the Government for operating purposes is recognized as government funding in the fiscal year when received or receivable. The portion of the funding used to purchase capital assets is recorded as deferred capital funding and is recognized as government funding on the same basis as the related capital assets are amortized. Funding provided in the form of depreciable capital assets is also recorded as deferred capital funding and is recognized as government funding on the same basis as the related capital assets are amortized.

Funding provided by the Government for the provision of public housing rental subsidies is recognized as government funding in the fiscal year during which the related public housing assistance is provided to low-income households.

Funding from Canada Mortgage and Housing Corporation (CMHC) is pursuant to the provisions of the Social Housing Agreement (SHA) between CMHC and the Corporation. The portion of the funding received for the operations and maintenance of the various social housing programs specified under the SHA is recognized as government funding in the fiscal year in which the related expenses are incurred. The portion of the funding received from CMHC under the Affordable Housing Program agreement is credited to deferred capital contributions for the capital costs of housing units built under the program.

Rental revenue is recognized in the fiscal year during which the related public housing assistance is provided to low-income households. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and highly liquid short-term investments with original maturities at the date of acquisition of 90 days or less.

Investments

Fixed-term investments are classified as held-for-trading financial assets and are accounted for at fair value with changes in fair value recognized in the net results of operations each period. Interest income is recorded on the accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in housing projects – land and buildings

Land and buildings constructed or purchased by the Corporation for the rental and leasing portfolios, including construction in progress, are recorded at cost. Buildings were stated at their respective book values when transferred from CMHC or the Government. This was considered a reasonable estimate of cost. Housing for sale is carried at lower of cost and estimated realizable value. Housing materials are valued at lower of cost and net realizable value.

Social and market housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Amortization for social housing, leased housing, and market housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed, or transferred in, and are taken for the full year. Housing for sale and construction in progress are not amortized.

Investment in housing projects - mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies, net of recoveries.

Accordingly, the mortgages receivable balance represents the present value of the expected future payments from clients on the mortgages, prior to an allowance for impairment. Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. Based on management's judgment and the Corporation's historical loss experience on impaired mortgages, an allowance of 100% is established to reduce the carrying amount of mortgages specifically identified as impaired to their estimated realizable value of nil.

c) Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases and any previously accrued but unpaid interest revenue is reversed against the mortgage interest revenue. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property and equipment

Property and equipment are stated at amortized cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

Employee future benefits

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of employee contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Obligations under loan guarantees

Annually, the Corporation considers whether to recognize a conditional obligation in respect of its loan guarantees. An obligation is recognized when it is likely that a future event will confirm that a liability has been incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee.

Future Accounting Changes

a) Financial instruments

In December 2006, the CICA issued two new Handbook Sections: 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation which are effective for the Corporation's fiscal year beginning on April 1, 2008. These new Sections will replace Section 3861, Financial Instruments – Disclosure and Presentation. The presentation requirements prescribed by Section 3863 are consistent with the requirements of Section 3861. The adoption of Section 3862 will result in enhanced disclosures with respect to risk management policies as well as the nature and extent of risk arising from financial instruments. The impact on the Corporation's consolidated financial statements is being assessed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Capital disclosures

In November 2006, the CICA issued new Handbook Section 1535, Capital Disclosures which is effective for the Corporation's fiscal year beginning on April 1, 2008.This new Section establishes standards for disclosing information about an entity's capital and how it is managed in order that a user of the financial statements may evaluate the entity's objectives, policies and processes for managing capital. This new Section is not expected to have a material impact on the Corporation's consolidated financial statements.

c) General standards of financial statement presentation

Section 1400, General Standards of Financial Statement Presentation, was amended June 2007 to include guidance on an entity's ability to continue as a going concern. The revised Section is effective for fiscal periods commencing on or after January 1, 2008. The revised Section explicitly requires management to assess and disclose the Corporation's ability to continue as a going concern.

For clarification, these consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes the Corporation will continue in operation for the foreseeable future and will be able to realize it assets and discharge its liabilities in the normal course of operations. The Corporation is not aware of any material circumstance that would undermine this assumption.

d) International financial reporting standards

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in Canadian GAAP, as used by publicly accountable entities, being converged with International Financial Reporting Standards (IFRS) over a transitional period. In February 2008, the AcSB confirmed fiscal years commencing on or after January 1, 2011 as the date that Canadian publicly accountable entities will be required to start reporting under IFRS. The impact of this transition on the Corporation's consolidated financial statements has not yet been determined; however, management continues to monitor these developments.

4. CASH AND CASH EQUIVALENTS

	2008	2007
Cash	$ 13,805	$ 7,898
Short-term investments	25,098	11,830
	$ 38,903	$ 19,728

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.75% to 4.63% in 2008 (2007 - 1.75% to 4.63%). All instruments held are in high quality debt obligations with a weighted average remaining term to maturity of 57 days (2007 - 27 days). Included in cash and cash equivalents are security deposits held in trust in the amount of $1,238 (2007 - $1,299).

5. ACCOUNTS RECEIVABLE

	2008	2007
Trade accounts receivable	$ 2,560	$ 2,804
Tenant rents receivable	1,343	1,204
Receivables from related parties		
Government of the Northwest Territories	462	17,616
Canada Mortgage and Housing Corporation	801	899
	$ 5,166	$ 22,523

6. FIXED-TERM INVESTMENTS

	2008			2007
Issuer	Effective rate of return	Term to Maturity	Fair Value	Carrying Value
Government of Canada	3.26%	1 to 6 years	$ 908	$ 1,100
Trust company	3.55%	1 year	1,023	1,015
Provincial government	4.50%	1 to 7 years	4,523	4,347
			$ 6,454	$ 6,462

The average yield of this portfolio in 2008 was 4.09% (2007 – 4.09%).

7. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2008			2007
	Cost	Accumulated Amortization	Net	Net
Land	$ 230	$ -	$ 230	$ 230
Housing for sale	1,115	-	1,115	952
Social housing	212,590	91,146	121,444	101,957
Social housing under capital lease	11,253	5,260	5,993	6,759
Leased housing	24,754	4,750	20,004	11,186
Market housing	7,441	1,362	6,079	6,319
Construction in progress	28,919	-	28,919	31,325
	$ 286,302	$ 102,518	$ 183,784	$ 158,728

7. INVESTMENT IN HOUSING PROJECTS (CONT'D)

b) Mortgages receivable

	2008	2007
Mortgages, interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum of 25 years	$ 44,154	$ 45,697
Less: allowance for mortgage subsidy	(27,501)	(29,225)
Unsubsidized mortgages receivable	16,653	16,472
Less: allowance for impaired mortgages	(15,390)	(14,571)
	$ 1,263	$ 1,901

The recorded investment in mortgages specifically identified as being impaired is $15,390 (2007 - $14,571). There were no write-offs in the current year (2007 – none). The carrying amount of mortgages receivable should not be interpreted as the realizable value on immediate settlement of such mortgages due to uncertainty associated with such a settlement.

c) Funding for social housing assets

Under the terms of the 1999 SHA between CMHC and the Corporation, the Corporation originally received funding from CMHC in the form of long-term mortgages and loans payable, to build social housing assets in the Northwest Territories. Under the SHA, the Corporation also received additional funding from CMHC (the "Additional Funding") to cover the long-term debt principal and interest payments due to CMHC as described in Note 10. The additional funding has been recorded as deferred capital funding on the consolidated balance sheet (see Note 13), and is being amortized and recognized as government funding on the consolidated statement of operations on the same basis as amortization of the related capital assets.

The Corporation also receives funding from the Government to build these social housing assets.

8. PROPERTY AND EQUIPMENT

	2008			2007
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 6,817	$ 3,416	$ 3,401	$ 3,312
Office furniture and equipment	4,813	4,070	743	928
Leasehold improvements	657	457	200	266
	$ 12,287	$ 7,943	$ 4,344	$ 4,506

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008	2007
Trade payables	$ 15,413	$ 15,300
Security deposits	1,380	1,303
Employee leave benefits (includes LHA benefits of $557; 2007 - $395)	1,496	1,118
Accrued interest	268	518
Wages and benefits	519	453
Prepaid rent	67	56
Deferred revenues	80	97
Payables to related parties		
Government of the Northwest Territories	1,022	1,309
	$ 20,245	$ 20,154

10. LONG-TERM DEBT PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2008	2007
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2007 - 6.97%). These loans are guaranteed by the Government.	$ 10,651	$ 10,982
Mortgages payable to CMHC for three (2007 – two) housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 4.71% to 4.96%, (2007 – 4.45% and 4.47%).	4,614	3,020
	15,265	14,002
Portion included in current liabilities	527	434
	$ 14,738	$ 13,568

Under the terms of the 1999 SHA, CMHC originally provided funding to the Corporation to build social housing assets in the form of long-term mortgages payable to CMHC (referred to as NHA Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation (the "Additional Funding") to reduce 100% or $43,022 (2007 - $47,276) of the NHA Section 79 debt and to reduce by 5/9th or $13,313 (2007 – $13,727) the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

The additional funding receivable is recorded as a reduction of the corresponding long-term debt payable. At March 31, 2008, the funding receivable from CMHC that has been netted against the corresponding long-term debt owing to CMHC amounted to $56,335 (2007 - $61,003). Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of $6,314 in 2008 (2007 - $6,663), and would have made additional principal long-term debt repayments to CMHC of $4,667 in 2008 (2007 - $4,932).

As the additional funding from CMHC and the corresponding repayments of long-term debt are non-cash transactions, they have not been recorded in the consolidated statement of cash flows.

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal	Interest	Total
2009	$ 527	$ 945	$ 1,472
2010	560	911	1,471
2011	594	877	1,471
2012	630	840	1,470
2013	670	800	1,470
2014-2018	3,918	3,508	7,426
2019-2038	8,366	3,146	11,512
	$ 15,265	$ 11,027	$ 26,292

11. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed, in aggregate, to payments of approximately $1,768 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Future Minimum Lease Payments	Executory Costs	Imputed Interest	Lease Obligation
Current				
2009	$ 1,768	$ 403	$ 690	$ 675
Long-term				
2010	1,768	403	628	737
2011	1,768	403	558	807
2012	1,768	403	483	882
2013	1,750	403	398	949
2014-2023	6,575	1,619	1,188	3,768
	13,629	3,231	3,255	7,143
Total	$ 15,397	$ 3,634	$ 3,945	$ 7,818

12. EMPLOYEE FUTURE BENEFITS

Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions to the Plan were as follows:

	2008	2007
Employer contributions	$ 1,293	$ 1,107
Employee contributions	607	520

Leave, severance, and removal benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance, and removal benefits is as follows:

	2008	2007
Accrued benefit obligation, beginning of year	$ 2,432	$ 2,168
Costs for the year	340	322
Benefits paid during the year	(281)	(58)
Accrued benefit obligation, end of year	$ 2,491	$ 2,432

13. DEFERRED CAPITAL FUNDING

	2008	2007
Balance, beginning of year	$ 144,933	$ 122,789
Government funding used to purchase capital assets	34,237	29,373
Amortization of deferred capital funding	(8,290)	(7,229)
Balance, end of year	$ 170,880	$ 144,933

Included in the above totals are opening deferred capital funding of $94,712 (2007 - $69,803) from the Government and $50,221 (2007 – $52,986) from CMHC. The Government provided all the funding used to purchase capital assets in 2008 and in 2007. Amortization of deferred capital funding includes $5,373 (2007 - $4,464) from the Government and $2,917 (2007 - $2,765) from CMHC. The Government comprises $123,576 (2007 - $94,712) and CMHC comprises $47,304 (2007 – $50,221) of the balance at March 31, 2008.

14. ADMINISTRATION EXPENSES

	2008	2007
Salaries and benefits	$ 16,973	$ 14,633
LHA administration	1,405	1,607
Building and equipment rentals	1,790	1,491
Travel and relocation	869	762
Professional and special services	628	478
Computer services	491	394
Communications	224	255
Materials and supplies	347	262
Land title fees and expenses	136	92
Workshops and studies	168	76
	$ 23,031	$ 20,050

15. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2008	2007
Funding received from CMHC recognized as government funding for:		
Contributions to non-profit housing sponsor groups and cooperatives	$ 3,918	$ 3,918
Repairs, maintenance, and other costs	1,990	2,037
Housing Renovation Program Agreement	490	443
	$ 6,398	$ 6,398

Under the terms of the 1999 SHA with CMHC, the Corporation assumed full responsibility for the management of various social housing programs specified in the SHA. CMHC provides annual funding to reimburse repairs, maintenance and other costs incurred by the Corporation to manage these programs. The SHA and the funding expire in 2037. Effective April 1, 2005, funding received from CMHC under the SHA for the operations and maintenance of the social housing programs, not including the unilateral social housing programs (non-profit sponsor groups and cooperatives), is forwarded directly to the Government, as they have assumed the responsibility for the provision of all rental subsidies related to social housing.

The Housing Renovation Program Agreement with CMHC establishes a structure for cost-shared programs that provide assistance to homeowners and landlords for repairs and rehabilitation of properties. CMHC contributes up to 75% of the funding for eligible repairs.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its short-term investments, fixed-term investments, accounts receivable and mortgages receivable.

Investments are managed by external investment managers. All investments have an R-1 medium or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty.

Accounts receivable are primarily amounts due from the Government, CMHC, and federal Goods and Services Tax rebates, which in aggregate represent 54% (2007 – 87%) of balances outstanding. Credit risks on these accounts receivable are minimal.

Credit risk on tenant rents receivable arises from the possibility that tenants might be unable to fulfill their lease commitments. LHAs mitigate this risk by conducting "arrear checks" prior to tenant placement, through well defined procedures for addressing rent arrears, and by limiting the exposure to credit loss for any one tenant.

Credit risk on mortgages receivable arises from the possibility that clients might be unable to fulfill their obligation under their mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with LHAs.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the Northwest Territories. Guaranteed loans mature at various dates to the year 2023. The risk is mitigated by verifying the corresponding asset value of the mortgage so that the guarantee liability can be recovered by selling the related asset. Losses relating to loan guarantees to date have been insignificant.

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Corporation is exposed to interest rate risk on its investments. The Corporation manages its interest rate fluctuation on investments by concentrating on short-term investments.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its short-term financial obligations. To manage liquidity risk, the Corporation maintains adequate cash balances and invests in money market instruments with a maturity of 90 days or less from the date of acquisition. These instruments are readily convertible to known amounts or cash.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

Fair Value of Financial Assets and Liabilities

The fair values of the Corporation's financial assets and liabilities are estimated as follows:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	$ 6,462	$ 6,454	$ 6,462	$ 6,556
Loans payable to CMHC	10,651	11,630	10,982	11,842
Mortgages payable to CMHC	4,614	4,598	3,020	2,963

Fair values for fixed-term investments are the market values as at March 31.

The fair value of loans and mortgages payable to CMHC is based on an estimated market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental.

	Total
2009	$ 4,175
2010	3,328
2011	3,074
2012	2,555
2013	1,836
After	1,196
Total	$ 16,164

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2008 a total of 35 (2007 - 37) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $6,482 (2007 - $9,969).

Under the terms of the SHA with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2008 was $32,037 (2007 - $35,106).

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. However the debts are secured by properties which could also be sold to cover the guaranteed debt. The value of the underlying assets is considered to be sufficient to cover the debts.

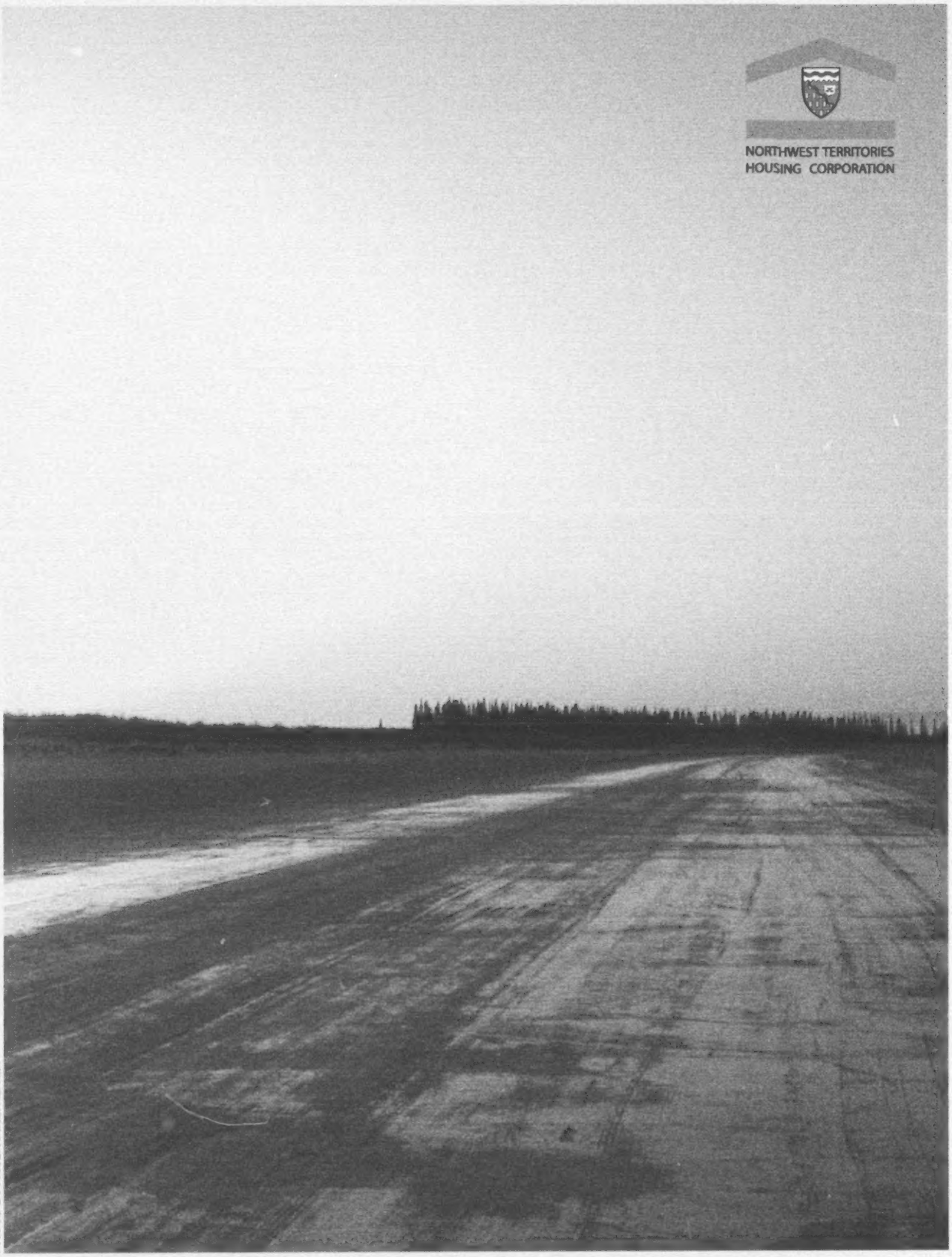
19. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

NORTHWEST TERRITORIES
HOUSING CORPORATION



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